

Legislative Budget and Finance Committee
A Performance Audit of the Pennsylvania
Fish and Boat Commission

Report Presentation by Patricia Berger, June 15, 2016, Meeting

Good morning. Act 2004-159 directs the Legislative Budget and Finance Committee (LB&FC) to conduct a performance audit of the Pennsylvania Fish and Boat Commission (PFBC) on a three-year cycle beginning in 2007. This is our fourth such study under the act.

We reviewed the Commission's implementation of its 2010-2015 Strategic Plan and made an assessment that the Commission had completed, or at least largely completed, most of the goals set out in the plan, carried other goals into the new strategic plan, and eliminated several goals. The actual numbers are in our report. In 2014, and as recommended in our 2013 performance audit, the Commission adopted a new Strategic Plan which focuses more narrowly on its core agency functions.

Our review of the new Strategic Plan, which covers the period July 2014 through June 2017, found that the Commission has made significant progress on many of the goals established in the plan. Funding and staffing constraints, however, have impeded progress on other goals.

In particular, the PFBC implemented a Spending Reallocation Plan (SRP) which calls for expenditures to not exceed revenues until the Commission has an average of at least one year's worth of funding in uncommitted reserves. The PFBC was also successful in its goal of pursuing new revenue sources, including the General Assembly's enactment of Act 2013-89 that refunds motorboat fuel taxes to the PFBC for high-hazard unsafe dams. The PFBC Natural Gas and Water Access Programs have also grown and received revenues of \$6.5 million since FY 2012-13, however, those funds are not consistent from year to year.

The PFBC has also been successful in implementing goals in the plan related to education and outreach activities. The Mentored Youth Trout Days program has grown each year since its start in 2013, and in 2015, the PFBC issued 19,000 free mentored youth permits and nearly 9,300 youth fishing licenses for Mentored Youth Trout Days. A planned evaluation of the public's demand and expectations for stocked trout has been placed on hold, however, until funding is available for an outside research firm with the capability to conduct such an evaluation.

Due to the lack of funding, the PFBC has not graduated a class of Waterways Conservation Officers (WCOs) since 2011. This has resulted in vacancies in 20 conservation districts, and an increase in overtime costs to provide enforcement services for those districts. As part of the strategic plan, a new class of 18 WCOs is

expected to graduate in June 2016. Seven of the districts will continue to have vacancies, however.

In areas of the strategic plan related to conservation, the PFBC has revised its Strategic Plan for the Management of Trout Fisheries in Pennsylvania, although it was completed almost a year after the target date in the plan. Similarly, the completion of the 2nd edition of the Lehigh Fisheries Management Plan was delayed for over a year due in part to staffing constraints.

The PFBC has contracted with the Pennsylvania State University's Smeal College of Business to conduct a detailed analysis of its operations to inform the development of its next strategic plan that would take effect in July 2017. In particular, the analysis is to address the Commission's ability to continue to provide services at the same time as its customer base appears to be declining. We think this approach has merit, and recommend the Commission also include its advisory bodies more formally when developing and implementing its strategic plan goals.

Regarding funding, the PFBC relies almost entirely on revenues generated from license sales, boat registrations, and federal grants. Total combined revenue to the Fish Fund and the Boat Fund in FY 2014-15 was \$49.9 million. This represents a decrease of about 1.5 percent from FY 2012-13, while total combined spending decreased 1.0 percent over this same period. During that time, personnel

spending increased 6.5 percent, even though the number of full-time salaried staff decreased from 397 at the end of 2012 to 364 as of June 30, 2015. This increase in personnel expenditures is attributed to rising healthcare increases, contractual labor increases and pension costs.

The Commission projects that both the Fish Fund and Boat Fund balances will be adequate to support its cash flow needs for core services through at least FY 2020-21, the last year of the projections. Without an increase in revenues, however, there will need to be a reduction in at least some services. For example, as personnel costs rise over this time, Commission operations may need to be adjusted to offset those costs.

In an effort to increase revenues without increasing license fees, which has been shown over the years to decrease the number of licenses purchased, the PFBC reduced the cost of an annual license by \$1 in 2015, with the hope that the reduced fee would attract enough new anglers to more than offset the loss of revenue from the lower prices. Multi-year license fees were also reduced but only for those purchased in December 2014. Although this strategy did result in an increase in the purchase of certain license categories, the number of new anglers was not enough to offset the fee discounts. Based on our analysis of license sales, the strategy resulted in a loss of approximately \$700,000 to the Commission. A PFBC consultant study, who used an economic modeling approach and included some of the spin off effects

on the Commonwealth's ability to leverage additional federal funds (which we did not include), calculated a more modest net loss of \$467,000.

In closing, we acknowledge and thank the Pennsylvania Fish and Boat Commission for the cooperation and assistance they and their staff provided to us during this study. Thank you.